Financing Agreement

(Additional Financing for the National Cyclone Risk Mitigation Project)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 11, 2015
CREDIT NUMBER 5413-IN

FINANCING AGREEMENT

Agreement dated __________, 20__ entered into between INDIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the scale up of Project activities (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty seven million three hundred thousand Special Drawing Rights (SDR 67,300,000) (variously, "Credit" and "Financing"), to assist in financing the scale up of the activities of components B and D of the project described in Schedule I to the Original Financing Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of the Schedule I to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project under the overall coordination, monitoring and reporting responsibility of the NDMA, in close coordination with the MHA, and shall cause the Project Implementing Entities to carry out their respective Parts of the Project in accordance with the provisions of Article IV of the General Conditions and the respective Project Agreements.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the NDMA’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the NDMA to perform any of its obligations under this Agreement.

ARTICLE V — TERMINATION

5.01. The Effectiveness Deadline is the date ninety days (90) days after the date of this Agreement.

5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is any of the following officials, acting severally: the Secretary, Additional Secretary, Joint Secretary, Director, Deputy Director, or Under Secretary of the Department of Economic Affairs of the Recipient's Ministry of Finance.

6.02. The Recipient's Address is:
 Secretary
 Department of Economic Affairs
 Ministry of Finance
 Government of India
 North Block
 New Delhi 110 001, India
 Facsimile:
 +91-11-23092039

6.03. The Association's Address is:
 International Development Association
 1818 H Street, N.W.
 Washington, D.C. 20433
 United States of America
 Facsimile:
 1-202-477-6391
AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By

[Signature]

Authorized Representative

Name: [Name]

Title: [Title]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: John Blomquist

Title: Acting Country Director
SCHEDULE 1
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Throughout Project implementation, the Recipient shall maintain adequate Project implementation structures with functions, powers, staff and resources necessary and appropriate to fulfill the implementation and fiduciary requirements under the Project set forth in this Agreement, as further specified in the Project Documents.

2. The Recipient shall ensure that: (a) the NDMA with support of its NSC shall be responsible for the overall policy and strategic direction of the Project; and (b) the NDMA, with support of its Project Management Unit, shall be responsible for ensuring that the Project Implementing Entities, acting through OSDMA or APRD as the case may be, comply with the fiduciary and safeguard requirements set forth in the Project Agreements and/or the Project Documents.

B. On-lending Arrangements

1. To facilitate the Project Implementing Entities' carrying out their Respective Parts of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entities in accordance with the Recipient's standard arrangements for development assistance to the States of India.

2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient's standard arrangements for development assistance to the States of India, the provisions of this Agreement and related instructions shall govern.

3. The Recipient shall at all times protect its own interests and the interests of the Association to accomplish the purposes of the Financing.

C. Project Documents

The Recipient shall, and shall cause the Project Implementing Entities to:

(a) implement the Project in accordance with the Operations Manual, the FM Manual, the Procurement Manual, the Safeguard Documents and the GAAP (the "Project Documents"); provided however that in the
event of conflict between the provisions of said manuals, plan or
documents, on the one hand, and those of this Agreement and/or the
Project Agreements, on the other hand, the provisions of this Agreement
and/or those of the Project Agreements shall prevail; and

(b) refrain from amending, suspending, waiving, and/or voiding any
 provision of the Project Documents, whether in whole or in part, without
the prior written concurrence of the Association.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the
provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress achieved in the
implementation of Components B and D of the Project and prepare, and/or cause
the Project Implementing Entities to prepare, Project Reports in accordance with
the provisions of Section 4.08 of the General Conditions and on the basis of
indicators agreed with the Association. Each Project Report shall cover the
period of one (1) fiscal year of the Recipient and the Project Implementing
Entities, and shall be furnished to the Association not later than forty-five (45)
days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management
system in accordance with the provisions of Section 4.09 of the General
Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall
prepare, or cause the Project Implementing Entities to, prepare and furnish to the
Association by not later than forty-five (45) days after the end of each quarter of
the Recipient’s and the Project Implementing Entity’s fiscal year, interim
financial reports for the Project covering the quarter, in form and substance
satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entities to have their
respective Financial Statements, audited in accordance with the provisions of
Section 4.09 (b) of the General Conditions. Each audit of the Financial
Statements shall cover the period of one (1) fiscal year of the Recipient or the
respective Project Implementing Entity, as the case may be, commencing with
the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. **Procurement**

A. **General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
<td>(subject to the additional provisions set forth in the Procurement Plan)</td>
</tr>
<tr>
<td>(b) Shopping</td>
<td></td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
<td></td>
</tr>
<tr>
<td>(d) Force Account</td>
<td></td>
</tr>
<tr>
<td>(e) Community Participation in Procurement procedures</td>
<td>set forth in the Procurement Plan</td>
</tr>
</tbody>
</table>
C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(d) Single-Source Selection of Consulting Firms</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
Percentage of Amount of the Expenditures to be Financing Allocated Financed Category (expressed in SDR) (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works (under Component B of the Project)</td>
<td>62,100,000</td>
<td>75%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services,</td>
<td>5,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Incremental Operating Costs (under Component D of the Project)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>67,300,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of twenty million United States Dollars (USD 20,000,000) may be made for payments made prior to this date but on or after October 12, 2013.

2. The Closing Date is October 31, 2017.
SCHEDULE 2

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit Repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>Commencing October 1, 2019 to and including April 1, 2029</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing October 1, 2029 to and including April 1, 2039</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Andhra Pradesh" means the State of Andhra Pradesh of the Recipient or any successor thereto.


3. “APRD” means Andhra Pradesh Revenue (Disaster Management) Department, or any successor or successors thereto.

4. “Category” means a category set forth in the table in Section IV of Schedule I to this Agreement.

5. “Consultant Guidelines” means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011. Notwithstanding the foregoing, consultants hired under the Original Financing prior to the date of this Agreement and selected pursuant to the 2006 version of the Association’s consultant guidelines are eligible for financing under this Agreement.

6. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.

7. “EMP(s)” means collectively, the Project Implementing Entities’ plans to be prepared pursuant to Sections I.D.2(b) of the Schedule to their respective Project Agreements, in accordance with the provisions of the ESMF, in each case setting out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, required to: (i) eliminate adverse environmental impacts of activities to be implemented under the Project; (ii) offset them, or reduce them to acceptable levels; (iii) enhance any positive impacts thereof; as such plans may be revised, updated or supplemented from time to time with the prior written concurrence of the Association; and/or (iv) ensure compliance with Recipient’s statutory environmental requirement, as such
plans may be revised, updated or supplemented, from time to time, with the prior written concurrence of the Association.

8. “ESMF” means the environmental and social management included in the Operations Manual which describes the environmental and social safeguards, policies, procedures and institutional framework applicable to the Project, including identification, assessment and mitigation of potential environmental and social impacts arising from the Project, measures to protect cultural property, carrying out consultations, processing and redressing grievances, monitoring related impacts, and, where applicable, resettlement and rehabilitation actions plans, tribal development plans, and other development plans and entitlement frameworks for people adversely affected as a result of Project implementation, as such framework may be revised from time to time with prior mutual consent of the Recipient and the Association.

9. “FM Manual” means the financial management manual dated February 26, 2010, satisfactory to the Association, which sets out the overall Project financial management arrangements in respect of Project flow of funds, accounting policies and procedures, chart of accounts, financial and accounting procedures, books of accounts, financial reporting, and internal controls, as the same may be revised from time to time with prior mutual consent of the Recipient and the Association.

10. “GAAP” means the governance and accountability action plan included in the Operations Manual, which sets out the key actions to strengthen governance, transparency, and accountability under the Project, as such plan may be amended from time to time with prior mutual consent of the Recipient and the Association.

11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

12. “Incremental Operating Costs” means the reasonable costs of incremental expenditures incurred by the Recipient, including the NDMA and Project Implementing Entities on account of Project implementation, management and monitoring, including, inter alia: (i) costs of incremental staff salaries (other than consultants); (ii) dissemination of Project related information; (iii) office rental and leasing operation and maintenance of equipment; (iv) office supplies and utilities; (v) travel and boarding/landing allowances; (vi) leasing, operation and maintenance of vehicles; (vii) advertising and communication expenses; and (viii) bank charges.

14. “NDMA” means the National Disaster Management Authority of the Recipient, or any successor thereto.


17. “Odisha” means the Recipient’s State of Odisha, or any successor thereto.

18. “Operations Manual” means the manual dated February 26, 2010, which sets out the terms, conditions, and procedures for Project implementation, which includes the ESMF, the GAAP, disclosure and grievance handling requirements, as such manual may be revised from time to time with the prior concurrence of the Association.


20. “OSDMA” means Odisha State Disaster Management Authority or any successor thereto.

21. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011. Notwithstanding the foregoing, contracts procured under the Original Financing prior to the date of this Agreement and selected pursuant to the 2006 version of the Association’s procurement guidelines are eligible for financing under this Agreement.

22. “Procurement Manual” means the manual dated February 26, 2010, which sets out procurement policies and procedures with respect to the Project, and contains the Procurement Plan; as such manual may be revised from time to time with prior concurrence of the Association.

23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 6, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

24. “Project” means the activities under Components B and D described in Schedule I to the Original Financing Agreement.

25. “Project Agreements” means, collectively, the respective agreements of the same date of this Agreement, entered into between the Association and each of the...
Project Implementing Entities, for purpose of coordinating, regulating and facilitating the Project Implementing Entities' carrying out of their Respective Parts of the Project; and the term "Project Agreement" means either such agreement individually considered.

26. “Project Documents” means the Operations Manual, including the ESMF and the GAAP, the FM Manual, the Procurement Manual, and the Safeguard Documents prepared by the Project Implementing Entities pursuant to Section I.D.2(b) of the Schedule to their respective Project Agreements.

27. “Project Implementing Entity” means either Andhra Pradesh or Odisha individually considered; and the term “Project Implementing Entities” mean both Project Implementing Entities jointly considered.

28. “Project Management Unit” means the Project implementation unit established by NDMA, pursuant to the Original Financing Agreement, for purposes of carrying out the Project.

29. “R&R Policy Framework” means the resettlement and rehabilitation policy framework included in the ESMF and the Operations Manual, which sets forth the policies and procedures addressing adverse temporary or permanent social impacts resulting, or likely to result from, the carrying out of the Project, as the same may be revised from time to time with the prior concurrence of the Association.

30. “RAP(s)” means collectively, the Project Implementing Entities' resettlement and relocation plans to be prepared pursuant to Section I.D.2 of the Schedule to their respective Project Agreements, in accordance with the provisions of the R&R Policy Framework, in each case identifying Displaced Persons on account of implementation of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redressal, monitoring and reporting requirements, and the Displaced Persons' entitlement schedules; as such plans may be revised, updated or supplemented, from time to time, with the prior written concurrence of the Association.

31. “Respective Parts of the Project” means in respect of:

(i) Andhra Pradesh: The activities under Component B of the Project to be carried out in the territory of Andhra Pradesh, as well as any ancillary management and monitoring activities carried out by APRD under Component D of the Project; and
(ii) Odisha: The activities under Component B of the Project to be carried out in the territory of Odisha, as well as any ancillary management and monitoring activities carried out by OSDMA, under Component D of the Project.

32. “Safeguard Documents” means in respect of: (a) Andhra Pradesh, the ESMF and the documents (to be) prepared pursuant to Section I.D.2(b) of the Schedule to Project Agreement between the Association and Andhra Pradesh; and (b) Odisha, the ESMF and the documents (to be) prepared pursuant to Section I.D.2(b) of the Schedule to the Project Agreement between the Association and Odisha.

33. “SSC” means the State Steering Committee of each of the Project Implementing Entities, constituted on November 17, 2009, with respect to Andhra Pradesh, and January 1, 2005 with respect to Odisha.

34. “TDP(s)” means collectively, the Project Implementing Entity’s development plans to be prepared pursuant to Section I.D.2(b) of the Schedule to their respective Project Agreements, in accordance with the provisions of the ESMF, setting out, in each case: (i) the measures designed to ensure meaningful consultation with and informed participation of Tribal Groups and their communities in the design and implementation of the Project activities, as well as (ii) the envisioned Project benefits for said Tribal Groups and communities which shall be/are culturally appropriate and socially inclusive; as such plans may be revised, updated or supplemented, from time to time, with the prior written concurrence of the Association.

35. “Training” means the reasonable costs of training and workshops incurred by the Project Implementing Entity on account of Project implementation, including inter alia: study tours, courses, conferences and workshops conducted and/or attended by staff of the Project Implementing Entities and/or stakeholders in the territory of the Recipient or, subject to the prior no-objection of the Association, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and per diems for trainers and/or trainees.

36. “Tribal Groups” means any distinct, vulnerable, social and cultural group within the territory of the Recipient, that: (i) self-identifies as such and claims, and is recognized by others as, having a distinguishable cultural identity; (ii) has collective attachment to geographically distinct habitats or ancestral territories in the Project area, and to the natural resources in these habitat and territories; (iii) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; and (iv) has an indigenous language, often different from the official language of the Recipient.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02, Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).